

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 300 - Resources

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300.06 INCOME VS RESOURCES

It is important to distinguish between resources and income to know which counting rules to use for any given month. The same item is not evaluated under two sets of counting rules for the same month; that is, one item cannot be counted as both income and a resource in the same month:

- **Income Counting Rules** – Items received in cash or in-kind during a month are evaluated under the income rules.
- **Resource Counting Rules** – Items retained for use in the month following the month of receipt are subject to evaluation under resource rules, as are all other items not defined as income.

300.06.01 DISTINGUISHING RESOURCES FROM INCOME

If an individual sells, exchanges, or replaces a resource, what he receives in return is not income; rather, it is a different form of resource. In order to distinguish resources from income, a determination must be on what has occurred and the monetary gain.

The monetary gain would be considered a resource when it:

- Was an increase in value of an existing resource;
- Was for the receipt or replacement of a resource;
- Was from the conversion or sale of a resource; or
- Was a cash or in-kind item for the replacement or repair of an excluded resource which is lost, damaged or stolen. (This is discussed further later in this chapter.)

NOTE: Dividends and interest are defined as returns on investments, stocks, bonds, and savings accounts, etc. Refer to the income section for handling.

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300.06.02 CONVERTED RESOURCES

If an individual sells, exchanges or replaces a resource, what he receives in return is a resource that has been converted from one type of resource to another.

Examples of converted resources are:

- A lot with equity value of \$5,000.00 is sold and the money is deposited into a money market account.
- A life insurance policy is cashed in and the proceeds are used to purchase a pre-need burial contract.

Handling Changes in a Converted Resource

When a resource changes form, it may also change as follows:

- From an excluded resource to a countable one,
- From a countable resource to an excluded one or
- To something that is not considered a resource for Medicaid purposes.

Example: An excluded vehicle is sold and proceeds are deposited into a checking account. The money received is a countable resource, rather than income.

Example: A life insurance policy with a face value of \$15,000.00 and a countable cash surrender value of \$1,000.00 is cashed in and the proceeds are used to purchase a cemetery plot which is excluded in the resource determination.

300.06.03 EVALUATION OF RECEIPT OF PROPERTY AS INCOME

When an individual first receives property (as a gift or inheritance, for instance, and not as a purchase or trade of one resource for another), the new property is subject to evaluation under the income rules for the month of receipt and under resource rules thereafter.